

April 30, 2010

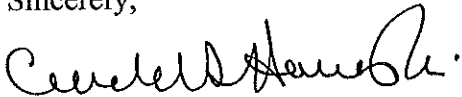
Karen Pfeil  
Program Liaison  
DWD – Employment and Training Division  
201 E. Washington Avenue, Room A200  
P.O. Box 7972  
Madison, WI 53707-7972

Dear Karen:

Enclosed please find Workforce Connections, Inc. (on behalf of the Western Wisconsin Workforce Development Board, Inc.) response to the ARRA financial review that was conducted by Jefferson Wells in February 2010.

Please contact Melissa Bechtel at (608) 785-9935 or [bechtelm@workforceconnections.org](mailto:bechtelm@workforceconnections.org) if you have any questions.

Sincerely,



Gerald S. Hanoski  
Executive Director  
Workforce Connections, Inc.  
*Fiscal/Administrative Agent*

GSH/MB/rg  
cc: Contract File

**ARRA Review Recommendations  
including  
Workforce Connections, Inc. (WCI) Response  
*Fiscal/Administrative Agent for the Western Wisconsin Workforce Development Board, Inc.***

Upon completion of the review and examination of the supporting documentation, no instances of fraud, waste or abuse were noted. However, the following observations were noted by the reviewers.

Workforce Connections, Inc. responses have been reviewed by the Board of Director's Oversight Committee and subsequently approved by the full Board.

1. Accounting System – Independent review of accounting transactions is critical to mitigate the risk of processing inaccurate or fraudulent transactions. The Finance Director, who is responsible for reviewing all journal entries, has system access to perform all accounting functions in Kintera Fundware. The Finance Director's independent review has been compromised since the Finance Director also has system access to prepare or edit the transactions that are reviewed. This could result in inaccurate or invalid transactions that would be left undetected.

Although the financials are reviewed by the Executive Director and Program Directors who do not have access to post journal entries, such a mitigating control does not provide a comparable level of oversight as would an independent review of journal entries (by an individual without access to prepare/edit journal entries).

**WCI Response:** The Executive Director currently reviews and approves all journal entries done by the Director of Finance. In addition a journal entry trace report will be printed via the system outlining all journal entries done by user. The Executive Director will be provided the trace reports and will reconcile the report with the signed journal entries.

2. Accounts Payable – Similar to the observation related to the accounting system, the primary reviewer of disbursements, who is the Finance Director, also retains system access to add new vendors and process invoices for payment.

**WCI Response:** The Executive Director will be added as a reviewer of accounts payable check run. In addition all active rights to Accounts Payable have been removed from the Director of Finance, only inquire rights remain.

3. Internet Banking/ACH – The Finance Director and one of the accountants have sole authorization to process outgoing ACH transactions and also retain access to post journal entries to the general ledger and process invoices to accounts payable in Kintera Fundware. The internet banking system is not currently programmed to require electronic dual authorization to process an outgoing ACH, meaning that the

current system allows the same person to initiate and send an outgoing ACH. In addition, there are no procedures that require the bank to call back and validate the ACH with someone who does not have access to process a transaction. The Finance Director and Accountant's access to process outgoing ACH, combined with system access to perform accounting and accounts payable transactions plus bank reconciliation responsibilities, poses the risk that these individuals could both perpetrate and conceal fraudulent fund appropriations.

**WCI Response:** ACH dual control will be established with the bank. This prevents one individual from having access to create and initiate an ACH file. You will need two (2) of the three (3) authorized individuals to release the file. In the event of staff vacation, the Executive Director has been added as an ACH authorized individual. The Executive Director has no access to the accounting system.